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*Attorneys for the Debtor and  
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IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
RICHMOND DIVISION

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In re: )  
BEAR ISLAND PAPER COMPANY, L.L.C.,<sup>1</sup> ) Chapter 11  
Debtor. ) Case No. 10-31202 (DOT)  
)  
)

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**ORDER GRANTING BEAR ISLAND PAPER COMPANY, L.L.C.'S  
FOURTH OMNIBUS OBJECTION, PURSUANT TO SECTION 502 OF THE BANKRUPTCY  
CODE AND RULE 3007 OF THE FEDERAL RULES OF  
BANKRUPTCY PROCEDURE, TO CLAIM NOS. 104, 113, 115, 121, 122, 123, 124,  
175, 176 AND 180 FILED BY CERTAIN OF THE DEBTOR'S SECOND LIEN LENDERS**

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Upon the objection, dated March 28, 2011 (the “Fourth Omnibus Claims Objection”), of Bear Island Paper Company, L.L.C., the debtor and debtor in possession in the above-captioned chapter 11 case (“Bear Island” or the “Debtor”), for entry of an order (this “Order”) pursuant to Bankruptcy Code section 502 and Bankruptcy Rule 3007, disallowing and expunging the Second Lien Lenders Proofs of Claim,<sup>2</sup> all as more fully described in the Fourth Omnibus Claims Objection; and the Court having jurisdiction to consider this Fourth Omnibus Claims Objection and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and consideration of the Fourth Omnibus Claims Objection and the relief requested therein being a core proceeding

<sup>1</sup> The last four digits of the Debtor's federal tax identification number are 0914. The principal address for the Debtor is 10026 Old Ridge Road, Ashland, Virginia 23005.

<sup>2</sup> All capitalized terms used but otherwise not defined herein shall have the meanings ascribed to them in the Fourth Omnibus Objection.

pursuant to 28 U.S.C. § 157(b)(2); and venue being proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Fourth Omnibus Claims Objection being adequate and appropriate under the particular circumstances and in satisfaction of Local Bankruptcy Rule 3007-1 such that no further or additional notice is required; and the Court having found and determined that the relief sought in the Fourth Omnibus Claims Objection is in the best interests of Bear Island's estate, its creditors and other parties in interest; and the Court having found that the legal and factual bases set forth in the Fourth Omnibus Claims Objection establish just cause for the relief granted herein; and any responses to the requested relief having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefor, it is ORDERED that:

The Fourth Omnibus Claims Objection is granted except with respect to the Second Lien Lenders Proofs of Claim Nos. 161, 162 and 163 (collectively, the "Dune Claims").

The Debtor, Committee and counsel for Dune Capital International Ltd., Dune Capital LP and WTA Dune Limited have agreed to adjourn the relief sought in the Fourth Omnibus Claims Objection regarding the Dune Claims to the omnibus hearing currently scheduled for July 18, 2011 at 2:00 p.m. Eastern Time, while the parties attempt to consensually resolve the objection. The response deadline in respect of the Fourth Omnibus Claims Objection regarding the Dune Claims shall be seven days prior to the omnibus hearing at which the Fourth Omnibus Claims Objection regarding the Dune Claims is heard at 5:00 p.m. Eastern Time (unless further extended by the Debtor).

Except with respect to the Dune Claims, any response to the Fourth Omnibus Claims Objection not otherwise withdrawn, resolved or adjourned is hereby overruled on its merits.

Each of the Claims identified on Exhibit 1 to this Order is hereby disallowed and expunged.

Except with respect to the Dune Claims, the official Claims register in this case shall be modified to reflect the amounts identified in the Amended Schedules, attached to the Motion as Exhibit C.

Bear Island reserves the right to amend, modify or supplement this Fourth Omnibus Claims Objection and to file additional objections to the Second Lien Lenders' Proofs of Claim or any other Claims (filed or not) that may be asserted against Bear Island. Should one or more of the grounds of objection stated in the Fourth Omnibus Claims Objection be dismissed, Bear Island reserves its right to object on other stated grounds or on any other grounds that Bear Island discovers at a later date.

In addition, Bear Island reserves the right to seek a further reduction of any Claim for any reason, including to the extent such Claims have been paid. Bear Island further reserves the right to raise additional objections with respect to the Second Lien Lenders' Proofs of Claim, including objections under section 502(d) of the Bankruptcy Code.

Each Second Lien Lenders' Proof of Claim and Bear Island's objections thereto, as addressed in the Fourth Omnibus Claims Objection and as set forth on Exhibit 1 hereto, constitute a separate contested matter as contemplated by Bankruptcy Rule 9014 and Local Bankruptcy Rule 3007-1. This Order shall be deemed a separate Order with respect to each Second Lien Lenders' Proof of Claim. Any stay of this Order pending appeal by any Claimant whose Claim is subject to this Order shall only apply to the contested matter that involves such Claimant and shall not act to stay the applicability and/or finality of this Order with respect to the other contested matters listed in the Fourth Omnibus Claims Objection or this Order.

The requirements under Local Bankruptcy Rule 9013-1(G) to file a memorandum of law in connection with the Fourth Omnibus Claims Objection are hereby waived.

All time periods set forth in the Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

This Court shall retain jurisdiction over Bear Island and the Claimants whose Claims are subject to the Fourth Omnibus Claims Objection with respect to any matters related to or arising from the Fourth Omnibus Claims Objection and the implementation of this Order.

Dated: \_\_\_\_\_, 2011  
Richmond, Virginia

\_\_\_\_\_  
Chief Judge Douglas O. Tice, Jr.  
United States Bankruptcy Judge

I ASK FOR THIS:

/s/ Jonathan L. Hauser

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**CERTIFICATION OF ENDORSEMENT**  
**UNDER LOCAL BANKRUPTCY RULE 9022-1(C)**

Pursuant to Local Bankruptcy Rule 9022-1(C), I hereby certify that the foregoing proposed order has been endorsed by or served upon all necessary parties.

/s/ Jonathan L. Hauser

**Exhibit 1**

	Claim #	Debtor	Name and Address of Claimant	Secured	Administrative	Priority	Unsecured	Total
<b>Disallowed &amp; Expunged</b>	104	Bear Island Paper Company, L.L.C.	<b>Creditor:</b> KINGSLAND IV LTD	\$1,000,000.00	\$0.00	\$0.00	\$0.00	\$1,000,000.00
	Filed On:	6/15/2010	KINGSLAND CAPITAL MANAGEMENT, AS MANAGER 1325 AVENUE OF THE AMERICAS 27TH FL NEW YORK, NY 10019					
<b>Disallowed &amp; Expunged</b>	113	Bear Island Paper Company, L.L.C.	<b>Creditor:</b> GULF STREAM-SEXTANT CLO 2007-1 LTD	\$1,077,769.86	\$0.00	\$0.00	\$0.00	\$1,077,769.86
	Filed On:	6/18/2010	C/O MARISA HOLTZCLAW 4201 CONGRESS STREET STE 475 CHARLOTTE, NC 28209					
<b>Disallowed &amp; Expunged</b>	115	Bear Island Paper Company, L.L.C.	<b>Creditor:</b> GULF STREAM-COMPASS CLO 2002-1 LTD	\$38,884.93	\$0.00	\$0.00	\$0.00	\$38,884.93
	Filed On:	6/18/2010	C/O MARISA HOLTZCLAW 4201 CONGRESS STREET STE 475 CHARLOTTE, NC 28209					
<b>Disallowed &amp; Expunged</b>	121	Bear Island Paper Company, L.L.C.	<b>Creditor:</b> CASPIAN CAPITAL PARTNERS LP	\$5,779,148.00	\$0.00	\$0.00	\$0.00	\$5,779,148.00
	Filed On:	6/21/2010	ATTN SUSAN LANCASTER 500 MAMARONECK AVE SUITE 101 HARRISON, NY 10528					

	Claim #	Debtor	Name and Address of Claimant	Secured	Administrative	Priority	Unsecured	Total
<b>Disallowed &amp; Expunged</b>	<b>122</b>	Bear Island Paper Company, L.L.C.	Creditor: MARINER OPPORTUNITIES FUND LP	\$2,889,574.00	\$0.00	\$0.00	\$0.00	\$2,889,574.00
Filed On:	6/21/2010		ATTN SUSAN LANCASTER 500 MAMARONECK AVE SUITE 101 HARRISON, NY 10528					
<b>Disallowed &amp; Expunged</b>	<b>123</b>	Bear Island Paper Company, L.L.C.	Creditor: CASPIAN SELECT CREDIT MASTER FUND LTD	\$2,889,574.00	\$0.00	\$0.00	\$0.00	\$2,889,574.00
Filed On:	6/21/2010		ATTN SUSAN LANCASTER 500 MAMARONECK AVE SUITE 101 HARRISON, NY 10528					
<b>Disallowed &amp; Expunged</b>	<b>124</b>	Bear Island Paper Company, L.L.C.	Creditor: MARINER LDC	\$5,779,148.00	\$0.00	\$0.00	\$0.00	\$5,779,148.00
Filed On:	6/21/2010		ATTN SUSAN LANCASTER 500 MAMARONECK AVE SUITE 101 HARRISON, NY 10528					
<b>Disallowed &amp; Expunged</b>	<b>175</b>	Bear Island Paper Company, L.L.C.	Creditor: COMMONWEALTH OF MASSACHUSETTS PENSION	\$938,727.50	\$0.00	\$0.00	\$0.00	\$938,727.50
Filed On:	7/3/2010		RESERVES INVESTMENT MANAGEMENT BOARD CO/LISA RYMLUT, FIDELITY MGMT & RESEARCH 82 DEVONSHIRE STREET V1H BOSTON, MA 02109					

Claim To Be Disallowed & Expunged	Claim #	Debtor	Name and Address of Claimant	Secured	Administrative	Priority	Unsecured	Total
	176	Bear Island Paper Company, L.L.C.	Creditor: PENSION INVESTMENT COMMITTEE OF GENERAL	\$2,596,447.50	\$0.00	\$0.00	\$0.00	\$2,596,447.50
	7/3/2010		MOTORS FOR GENERAL MOTORS EMP ET AL C/O LISA RYAN, FIDELITY MANAGEMENT 82 DEVONSHIRE STREET V1B BOSTON, MA 02109					
	180	Bear Island Paper Company, L.L.C.	Creditor: FIDELITY ADVISOR SERIES I	\$9,091,945.00	\$0.00	\$0.00	\$0.00	\$9,091,945.00
	7/6/2010		FIDELITY ADVISOR HIGH INCOME ADVANTAGE C/O LISA RYAN, FIDELITY MGMT & RESEARCH 82 DEVONSHIRE STREET V1B BOSTON, MA 02109					